

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07  
NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02  
LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04  
CEA-01 PA-01 PRS-01 AGRE-00 FEA-01 OES-07 ERDA-05  
/096 W

-----102648 181853Z /45

R 181505Z JUL 77  
FM AMEMBASSY BERLIN  
TO SECSTATE WASHDC 5203  
INFO USDOC WASHDC  
AMEMBASSY BELGRADE  
AMEMBASSY BONN  
AMEMBASSY BUCHAREST  
AMEMBASSY MOSCOW  
AMEMBASSY PRAGUE  
AMEMBASSY SOFIA  
AMEMBASSY WARSAW  
USMISSION USBERLIN  
USMISSION NATO

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USDOC FOR BEWT USDA FOR FAS

E.O. 11652: N/A  
TAGS: ECON, GE  
SUBJ: GDR ECONOMIC PERFORMANCE ANNOUNCED FOR FIRST HALF 1977

REF: (A) 76 BERLIN 7300 (NOTAL) (B)BERLIN 5162 (NOTAL)

SUMMARY: NEUES DEUTSCHLAND (ND) JULY 15 PUBLISHED THE  
CENTRAL STATISTICAL ADMINISTRATINS'S REPORT ON GDR  
ECONOMIC PERFORMANCE IN THE FIRST HALF OF 1977. THE  
REPORT SHOWS THAT WHILE THE ECONOMY GREW FASTER, AT A  
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RATE OF 4.5 PERCENT, THAN DURING 1976 (3.7 PERCENT), THE  
RATE OF GROWTH STILL LAGGED A FULL PERCENTAGE POINT  
BEHIND THE 1977 TARGET. END SUMMARY.

1. DESPITE HEALTHY INCREASES, INDUSTRIAL OUTPUT,  
AS WELL AS INDUSTRIAL LABOR AND CAPITAL EFFICIENCY,  
FELL SHORT OF PLANNED TARGETS, THOUGH BY ONLY FRACTIONS

OF A PERCENTAGE POINT. FOREIGN TRADE, PARTICULARLY WITH CEMA COUNTRIES, INCREASED AT A RATE SIGNIFICANTLY HIGHER THAN PLANNED. INVESTMENT, DOMESTIC CONSUMPTION, AND PERSONAL INCOME ALSO REPORTED GROWTH AT GREATER THAN PLANNED RATES.

2. OVERALL, THE RESULTS PRESENT AN ANOMALY. THE GDR IS BOTH CONSUMING MORE AND INVESTING MORE THAN IT, IN A PRESUMABLY BALANCED ECONOMIC PROGRAM, HAD PLANNED, WHILE PRODUCING LESS AND IMPORTING MORE. IT IS DIFFICULT TO IMAGINE THAT THIS PATTERN CAN PERSIST INDEFINITELY.

3. HIGHLIGHTS OF GDR ECONOMIC PERFORMANCE ARE BROKEN DOWN BY SECTOR AS FOLLOWS:

4. INDUSTRY: INDUSTRIAL PRODUCTION WAS REPORTED TO BE 4.8 PERCENT HIGHER THAN DURING THE SAME PERIOD IN 1976. THE PLANNED RATE OF GROWTH FOR 1977 OF THE INDUSTRIAL SECTOR IS 5.1 PERCENT. ENTERPRISES UNDER THE INDUSTRIAL MINISTRIES WERE REPORTED TO HAVE INCREASED PRODUCTION 5.5 PERCENT OVER LAST YEAR, OR .3 PERCENT ABOVE PLAN. INDUSTRIAL LABOR AND CAPITAL EFFICIENCY WAS REPORTED UP BY 5.0 PERCENT, COMPARED WITH A 1977 TARGET OF 5.1 PERCENT.

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5. AGRICULTURE: THE HALF-YEAR PLAN WAS REPORTED OVERFULFILLED IN THE PRODUCTION OF SLAUGHTERED ANIMALS (102.7 PERCENT), MILK (101.2 PERCENT), AND EGGS (102.7 PERCENT). DESPITE THE INCREASED PRODUCTION OF SLAUGHTERED ANIMALS, THE INVENTORY OF BEEF CATTLE, DAIRY CATTLE, SWINE (AND SOWS REPORTED SEPARATELY), SHEEP, AND HENS WERE ALL REPORTED UP. AND REPORTED THAT GREAT EFFORTS WERE MADE TO KEEP THE LIVESTOCK NUMBERS STEADY.

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-----102666 181913Z /45

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TO SECSTATE WASHDC 5204  
INFO USDOC WASHDC  
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AMEMBASSY BUCHAREST QYRI  
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AMEMBASSY PRAGUE  
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6. TRADE: TRADE TURNOVER INCREASED BY 13 PERCENT;  
WELL AHEAD OF THE PLANNED RATE OF GROWTH OF 8.7  
PERCENT. TRADE WITH THE SOVIET UNION AND OTHER CEMA  
COUNTRIES INCREASED BY 15 PERCENT WHILE TRADE WITH  
"NON-SOCIALIST" COUNTRIES INCREASED BY ONLY 7 PERCENT.  
ND NOTED CONTRIBUTION OF THE STABLE SUPPLY OF RAW  
MATERIALS AND ENERGY SUPPLIES FROM THE SOVIET  
UNION AND OTHER CEMA MEMBERS HAS MADE TO THE EAST  
GERMAN ECONOMY. THE RAPID GROWTH IN TRADE IS PRESUMABLY  
DUE TO THESE IMPORTS.  
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7. CONSUMER SCENE: THE STATISTICS RELEASED IN  
ND SHOW IMPROVING CONDITIONS FOR THE CONSUMER.  
PERSONAL INCOME INCREASED AT A RATE OF 5.6 PERCENT,  
WELL ABOVE PLANNED GROWTH OF 4.0 PERCENT. ANOTHER  
INDEX OF CONSUMER WELLBEING, THE LEVEL OF RETAIL TRADE,  
SHOWED GROWTH AT A RATE OF 5.5 PERCENT, COMPARED TO  
THE PLANNED RATE OF 4.0 PERCENT. RETAIL TRADE IN  
INDUSTRIAL PRODUCTS WAS 7.3 PERCENT HIGHER THAN IN  
1976, WHILE TRADE IN LUXURY ARTICLES INCREASED  
3.9 PERCENT. DURING THE FIRST HALF OF 1977, 75,000  
APARTMENTS WERE REPORTED TO HAVE BEEN CONSTRUCTED  
OR MODERNIZED TO PROVIDE HOUSING FOR 226,000 PERSONS.

8. INVESTMENT: INVESTMENT ROSE 8 PERCENT ABOVE  
1976 LEVELS, COMPARED TO THE PLANNED RATE OF 6.5  
PERCENT. INVESTMENT IN THE INDUSTRIAL SECTOR OF THE  
ECONOMY, HOWEVER, WAS 12 PERCENT ABOVE THE 1976 RATE.  
HALF OF INDUSTRIAL INVESTMENT WENT TO THE MODERNIZATION  
OF EXISTING PLANT AND EQUIPMENT. POLANSKY

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## Message Attributes

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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
Margaret P. Grafeld  
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22 May 2009  
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